VSDP/LTD Participants And The State Retiree Health Benefits Program

What do I need to do regarding my health plan coverage when I start long-term disability (LTD)?

Eligible employees on LTD may enroll in the State Retiree Health Benefits Program, but they must pay the full cost of their health plan coverage. That is, they receive no agency contribution toward payment of their monthly premium. Employees on LTD are not retired, but they do observe plan provisions that are similar to retirees, and their health plan coverage is administered by the Virginia Retirement System. All eligible employees must take a positive enrollment action within 31 days of the date that their coverage (or eligibility for coverage) as an active employee ends (which is the end of the month in which short-term disability ends) by completing a *State Health Benefits Program Enrollment Form for Retirees, Survivors and VSDP/LTD Participants*. At that time, there are several options available:

- Participants may maintain their current (active) membership level.
- Participants may enroll in single coverage from waive status.
- Participants may waive coverage or reduce membership, but they may not add dependents (unless they experience another consistent qualifying mid-year event which would allow them to do so) or change plans (except to move to a Medicare-coordinating plan).
- Participants may waive coverage to participate as a dependent in the active state plan and then (re)enroll in the retiree program within 31 days of losing that coverage.

If enrollment is completed within the required time frame, coverage in the retiree group will be effective the first of the month after coverage (or eligibility for coverage) in the active employee group ends.

How do I pay my health plan premium while on LTD?

All LTD participants who enroll in state health plan coverage will be billed directly by their health plan carrier/administrator (Anthem or Kaiser Permanente).

LTD Participants are eligible for the Health Insurance Credit Program, which is administered by the Virginia Retirement System (VRS). Your Health Insurance

Credit will not reduce the amount of your premium billing, but you will be reimbursed separately by VRS for the full amount of your credit.

What are the consequences if I miss a premium payment?

LTD participants are expected to pay their health plan premium within the required time frame indicated on their monthly invoice. If the premium is not paid within 31 days of its due date, coverage will be terminated. Claims will not be paid for new LTD participants until their first premium is received, and effective January 1, 2005, claim payments will be withheld for any period after the premium due date during which the premium has not been paid and up until termination of coverage,. This will include prescription drug claims. LTD participants who are terminated for non-payment of premiums will not have another opportunity to return to the program for the duration of LTD. However, they may resume state coverage upon returning to full active duty or at service retirement.

Can I make changes to my health benefits during LTD?

Eligible LTD participants can enroll, change plans, increase membership or reduce membership within 31 days of a consistent qualifying mid-year event. Non-Medicare LTD participants may change plans and/or membership at Open Enrollment. LTD participants may also waive coverage based on a qualifying mid-year event that is consistent with ending their own coverage (e.g., Open Enrollment and election of coverage under a spouse's plan) and they may return to the retiree program at a later date due to another consistent qualifying mid-year event; however, re-enrollment must take place within 31 days of the event. The effective date of coverage will be the first of the month after the timely enrollment form is received (or enrollment is completed in EmployeeDirect).

LTD participants can reduce membership prospectively at any time; however, if an LTD participant's own coverage is terminated at any time during LTD for non-payment of premiums or canceled outside of Open Enrollment without a qualifying mid-year event, coverage will not be reinstated at any level for the duration of the LTD.

If I waive coverage at the start of LTD, may I re-enroll at a later time?

LTD participants who waive coverage at the start of LTD may return to the program during LTD only upon the occurrence of a consistent qualifying midyear event or at Open Enrollment, if applicable. Eligible LTD participants may also enroll in the State Retiree Health Benefits Program at the time of retirement (see page 3).

What are my options if I retire while on LTD?

Eligible LTD participants who remain on LTD until retirement (with no break in LTD benefits prior to retirement) may enroll in retiree coverage at the time of retirement. Even if coverage was waived or canceled as an LTD participant, single coverage may be elected at retirement (within the required enrollment period).

If I become eligible for Medicare while on LTD, do I have to make any changes to my state health plan coverage?

LTD participants (not working) and their dependents who become eligible for Medicare must select a plan that coordinates with Medicare, and Medicare becomes their primary health plan coverage. The only exception is in the case of family membership. Medicare-eligible LTD participants enrolled in family membership may maintain coverage under the COVA Care plan, but Medicare will be primary for all Medicare-eligible family members. Premium and benefit differences should be carefully reviewed before making this coverage decision.

Retiree Fact Sheet #5, ***Medicare and the State Retiree Health Benefits Program***, describes the interaction of Medicare and the state program, and it provides a summary of available Medicare-coordinating plans. In addition, the ***Medicare Plan Options*** brochure is a resource regarding Medicare plan provisions. Retiree Fact Sheet #4, ***Making Changes,*** provides a summary of allowable changes under the Medicare plans. All of these resources are available on the DHRM Web site at : www.dhrm.virginia.gov.

LTD participants and their covered dependents in the two-person membership level with either or both covered members eligible for Medicare will be identified separately by their own identification numbers. This means that, while any dependent is still "linked" to the LTD participant, each participant has a separate contract. It is important for participants to recognize the difference in identification numbers and to submit the appropriate membership card to all medical providers for filing claims.

LTD participants turning age 65 will be notified of their Medicare-coordinating plan options approximately three months before their 65th birthday month. However, it is the responsibility of LTD participants to notify the appropriate Benefits Administrator of either their or their dependent's eligibility for Medicare due to disability (prior to age 65). Failure to notify the plan of Medicare eligibility can result in retraction of claims paid in error and significant coverage deficits.

If I am eligible for Medicare at the start of LTD, but I have not enrolled, what should I do?

Typically, enrollment in Medicare Part A (hospital coverage) happens automatically at age 65 or upon eligibility due to disability and does not require the payment of any premium. However, Medicare Part B (medical coverage) requires payment of a monthly premium and may be declined if eligible individuals have coverage through active employment.

New LTD participants (or their participating dependents) who have previously declined Medicare Part B based on their coverage as an active employee and who have not enrolled prior to the start of LTD may exercise their Special Enrollment Period during the eight months following the month that the active employee coverage ends. If enrollment occurs during the first full month after active coverage ends, Medicare Part B coverage can begin on the first day of the month in which enrollment occurs. If enrollment occurs during the remaining seven months of the Special Enrollment Period, Medicare Part B coverage begins the month after enrollment. (The Initial Enrollment Period can supersede special Enrollment Period rights.) Contact the Social Security Administration for more information.

It is important for employees (and their participating dependents) who are eligible for Medicare and who anticipate starting LTD to contact the Social Security Administration as soon as possible to ensure that Medicare coverage is in place at the start of LTD. Failure of a Medicare-eligible LTD participant to enroll in Medicare (Parts A and B) can result in reduced benefits since Medicare-coordinating plans in the State Retiree Health Benefits Program will not pay any benefits for which Medicare would normally be responsible. For more information on Medicare enrollment, visit your local Social Security office or the Medicare Web site at www.medicare.gov or call 1-800-MEDICARE.

If I return to a modified work schedule, what will happen to my health benefits?

If the LTD participant returns to a modified working status (maintaining LTD benefits), he or she must continue to pay the full health plan premium—just as any LTD participant. However, if an LTD participant (or their dependent) is Medicare eligible and, therefore, in a Medicare-coordinating plan, he/she must change back to a non-Medicare plan upon returning to the modified status since Medicare will not pay primary for Medicare enrollees who are actively employed.

What happens if I do nothing at the start of LTD?

Starting LTD requires a positive enrollment action on the part of all new LTD participants within 31 days of the date their active coverage/eligibility ends. An LTD participant who does not wish to enroll in the State Retiree Health Benefits Program at the start of LTD may submit an Enrollment Form to waive coverage, thereby preserving future enrollment rights during LTD. (Enrollment or waiver may also be facilitated by using EmployeeDirect**.) LTD participants who take no action at the start of LTD, including those who had waived their active coverage, will be terminated from the program and will have no enrollment rights for the duration of LTD.**

What do I need to do regarding my health plan coverage if I am able to return to my previous position (without restriction) from LTD?

Like starting LTD, returning to work from LTD also requires a positive enrollment action. The following enrollment guidelines apply for participants on LTD for 30 days or more:

- If the employee has maintained coverage during LTD but reduced membership, the employee may increase membership upon his or her return to work.
- If coverage has been waived or terminated during LTD, the returning employee may make an election just as if he/she were a new employee.
- If a timely election is not made upon returning to work, the employee may enroll at Open Enrollment or upon the occurrence of a consistent qualifying mid-year event.

Participants who have been on LTD for less than 30 days must return to the same health plan elections that they had before going on LTD.

All employees who return to work from LTD (>30 days) should complete an Enrollment Form within 31 days of their return to work date in order to obtain active employee coverage. The agency contribution will begin as follows:

- If coverage was maintained during LTD and enrollment for active employee coverage is completed within 31 days of the return to work, the agency contribution will begin the first of the month after the end of LTD.
- If coverage was waived or terminated during LTD, the agency contribution will begin prospectively from the date that the enrollment form is received (as long as it is received within 31 days of the return to work), but no earlier than the first of the month after the end of LTD.

  Example #1: Employee goes on LTD on June 8 and is covered by active coverage until June 30 under a family plan. The employee then makes a timely election to reduce coverage to single at the start of LTD effective July 1. LTD ends on July 10 (more than 30 days), and the employee returns to

work on July 11. LTD coverage continues until the end of July (at full cost). The employee submits an Enrollment Form on August 2 to enroll in family coverage as an active employee. Family coverage begins effective August 1 with the agency contribution.

Example #2: Employee goes on LTD on June 8 and is covered by active coverage until June 30 under a family plan. The employee then waives coverage for the start of LTD effective July 1. LTD ends on July 20 (more than 30 days), and the employee returns to work on July 21. The employee submits an Enrollment Form on August 2 to enroll in family coverage as an active employee. Family coverage begins effective September 1 with the agency contribution. (If the Enrollment Form is received in July, the active coverage would begin August 1.)

Example #3: Employee goes on LTD on June 8 and is covered by active coverage until June 30 under a family plan. The employee then waives coverage for the start of LTD effective July 1. LTD ends on July 2 (less than 30 days). The active family coverage is reinstated with no break.

What are my options if I am in LTD-working status?

Employees in LTD-working status are not and have not been on LTD (not working) during their current disability. They are continuing to work, but in a modified status (e.g., reduced hours or duties). Your Benefits Administrator can provide additional information on LTD-working status. However, participants in LTD-working status have the same health plan options as active employees, and agency contributions continue for the duration of the LTD-working period. However, once a participant begins LTD (not working), he or she may not return to LTD-working status. Consequently, return to a modified schedule or work duties will not reinstate the agency contribution, and, in that case, health benefits may continue under the LTD program at full cost to the participant.

Am I eligible for Extended Coverage (COBRA)?

Extended Coverage, often referred to by the private sector term COBRA, allows continuation of health plan coverage after the occurrence of specified qualifying events. In the case of LTD, the event would be a reduction in hours, which would require the offer of Extended Coverage. However, if no coverage was in place on the day before the qualifying event, Extended Coverage need not be offered. Extended Coverage, if appropriate, runs concurrently with coverage offered through the LTD program. While an LTD participant may, by law, choose Extended Coverage over LTD coverage, the cost of Extended Coverage includes a 2% administrative fee over and above the premium amount. In addition, Extended Coverage is limited to 18 months in duration (unless there is another qualifying event to extend coverage to 29 or 36 months). However, if the LTD participant elects coverage as a part of his or her LTD benefit, coverage may

continue for the duration of LTD, and no administrative fee will apply. In addition, if an LTD participant terminates employment (e.g., resigns, takes a refund of their VRS contributions, ceases to be disabled under the provisions of the VSDP) prior to exhaustion of the full Extended Coverage period, any remaining months of Extended Coverage may be used. However, if an employee does not continue coverage at the start of LTD and does not elect Extended Coverage within the election period, no further Extended Coverage rights will be offered for the duration of the LTD period.

If I terminate employment while on LTD, do I have any continuing health benefit options?

An LTD participant who ends LTD to take an immediate service retirement may be eligible for coverage as a retiree under the State Retiree Health Benefits Program. Employees who defer retirement are not eligible to enroll in the program. Retiree Fact Sheet #2, ***Eligibility, Enrollment and Plan Choices***, addresses eligibility for the program.

However, LTD participants who terminate employment are no longer eligible for the Program and, unless they have remaining Extended Coverage eligibility, will cease to be covered at the end of the month in which termination of employment occurs. This includes participants who choose to take a refund of their VRS member contributions in lieu of retirement.

I am covered under a separate university-sponsored disability program that does not provide health plan coverage. Do I have access to the State Retiree Health Benefits Program?

State employees covered and determined to be disabled under university-sponsored disability programs (instead of VSDP) may enroll in the State Retiree Health Benefits Program within 31 days of their loss of active employee coverage. They may remain in the program as long as they continue to be covered under the disability plan or become otherwise eligible to participate (e.g., as a retiree).

If an LTD participant dies, are survivors eligible to enroll or continue in the State Health Benefits Program?

Survivors of LTD participants have the same rights to enroll in the State Retiree Health Benefits Program as the survivors of an active state employee.